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U.S. Labor-Industry Coalition Releases Report on Industrial Policy

The Labor-Industry Coalition for International Trade (LICIT) recently released a report entitled "International Trade, Industrial Policies, and the Future of American Industry." This report is the latest entry in the rapidly growing number of policy statements and studies on the topic of industrial targeting. While couched in careful, even language, it's basic theme revolves around the concept that industrial policy

(targeting) in foreign countries (particularly Japan) has put American industry at a disadvantage and that therefore the raising of protectionist barriers in the United States is justified.

LICIT was formed in 1980 and is a coalition of 19 industrial unions and corporations. The organization states that it supports government policies and industry actions encouraging "open, fair competition in the United States market as well as for American-made products in foreign markets" without relying on "outmoded" words such as protectionism. However, the corporate and union membership includes some who have been heavily involved in protectionist campaigns for many years, such as Corning Glass Works, Bethlehem Steel, the International Ladies Garment Workers Union and the Amalgamated Clothing and Textile Workers Union.

The purpose of the report is succinctly summarized by its opening statement: "This study addresses a new and growing source of government-created competitive disadvantage for U.S. industries and workers — the widening gap between specific industry support efforts in other countries and programs in the United States." They propose a two-pronged response: barriers to imports to offset the perceived disadvantages to U.S. producers and domestic industrial policies to strengthen U.S. industries.

As the first part of the two-pronged remedy proposed by LICIT are a series of suggestions for the more effective use of U.S. trade law to impede imports. The suggestions include a call for more timely prosecution of trade cases and an implicit appeal for harsher penalties (through a critique of the historical use of presidential discretion to reduce recommended remedies) within the existing trade law framework. It also asks for changes in the trade laws, including more timely relief, a less burdensome causation test, less discretion for the Executive once an affirmative determination is made, a wider choice of remedies, and some concept of reciprocity to attack injury to U.S. producers in foreign producer's markets or in third markets. All of these proposals would make protection less costly for companies to pursue and make the eventual obtainment of relief much less uncertain.

The second part of the remedy is a set of proposals for an industrial policy in the United States, including more government support for research and development, relaxed antitrust policy, tax concessions (or possibly other financial assistance such as subsidized loans), assistance for restructuring declining industry, and more general infrastructure support (education, training, and physical infrastructure). Since the Reagan administration up to this point has clearly decided to avoid implementing industrial targeting in the U.S., it seems unlikely that most of these suggestions will receive a sympathetic hearing. Thus, the main push will come on the protectionist side of the package. It is also noteworthy that the report does not list as a major alternative the Reagan administration's emphasis on reducing specific trade barriers abroad that, as part of foreign industrial policies, have impeded U.S. access to foreign markets.

Japan is not the sole focus of the study, which includes statements on the industrial policies of a number of other countries, including France, West Germany, Brazil and the Republic of Korea. Nevertheless, Japan is very prominent in examples of what LICIT believes to be successful, unfair foreign targeting efforts. The industries where Japanese government policies are listed as providing important — potentially unfair — benefits in international competition include machine tools, robotics, large electrical generating and transmission equipment, fiber optics, computers, semiconductors, telecommunications equipment, automobiles and apparel. Many of the general accusations made in reports like LICIT's, though, do not hold up to careful scrutiny, as evidenced by the inability of Houdaille Industries to convince many in the government on the merits of its charges on Japanese-made machine tools.

With LICIT joining the plethora of other reports and proposals floating around Washington, the concept of industrial targeting will generate discussion and debate for a considerable time in the future; "targeting" has become the newest buzzword in Washington conversations. Japan, raised as a prime example of industrial targeting abroad, will continue to be a major focus of the discussions, although the effectiveness or importance of industrial policy to Japan's international competitive success is still the subject of great debate and disagreement. With attention on Japan, the Japanese government is now considering what its own position should be in the debate (see following article).

Edward Lincoln

MITI Preparing Statement on Japan's Industrial Policy

Recently Lionel Olmer, U.S. Undersecretary of Commerce for International Trade Affairs, suggested that industrial targeting constitutes a growing trade problem and encouraged Congress and the private sector at congressional hearings in March to work closely with his department on this problem. Sam Gibbons, chairman of the House Ways and Means Subcommittee on Trade, at a meeting with Minister of International Trade and Industry Sadanori Yamanaka in Tokyo, urged Japan to review its policy of protecting and subsidizing certain industries. In response, the Japanese government has started to prepare its rebuttal of American criticism of Japan's industrial policy.

The Ministry of Foreign Affairs, in cooperation with the Ministry of International Trade and Industry (MITI), is seeking (1) to find out what kinds of measures the U.S. is critical of; (2) to analyze the American criticism, including that in the Congress; and (3) to formulate Japan's response, given an anticipated increase in criticism before and after the Williamsburg summit scheduled for late May. As part of the effort to answer these questions and defuse mounting criticism, MITI reportedly is preparing a comprehensive report on industrial policy. It is anticipated that the report will warn that unilateral criticism of Japan's industrial policy, which it stresses is more flexible than that of the U.S. and European countries, will serve to justify protectionist measures and will be a threat to the very foundations of the free market system. It will also stress that the development of Japanese industries has been achieved through private sector vitality growing out of the market mechanism while industrial policy has played the role of a catalyst. The report will also note that every country has had industrial policies, whatever name or form is given to them, that have been used to facilitate development of their national economies and enhance the standard of living. For example, it will point out that while Japan, in order to help foreign industries in trouble, has imposed export restraints when so requested, those foreign nations in which the troubled industries are located pursue industrial policies, such as the nationalization of basic industries, for their own self-interest.

Specifically, the report is said to use the following examples to support its claims. First, in the U.S., more that 50 percent of high technology industry sales are to government agencies as opposed to less than 10 percent in Japan. Second, U.S. government subsidies make up 32 percent of the total expenditures for industrial research and development while Japan provides only 1.9 percent. Third, the U.S. government's research and development outlays (excluding those for defense) are four times larger than those of the Japanese government. Finally, the report will say that Japan's industrial policy has operated under accepted international rules and so should not be blamed simply because it is different from the policies of the U.S. and European countries.

The Director of MITI's Industrial Policy Bureau made statements in a recent Toyo Keizai interview along the same lines. He said that Japan's industrial policy should not be criticized because it has been formulated under rules of General Agreement on Tariff and Trade (GATT), and the positive adjustment policy of the Organization for Economic Cooperation and Development (OECD). He also argued that the government's involvement in research and development lessens the risks only partially of high-cost research and development with lengthy or uncertain commercialization prospects. Research and development support in these cases responds to social needs and fits Japan's industrial policy aim of providing only indirect assistance to business.

The Japanese government's forthcoming statement explaining Japan's industrial policy will undoubtedly incorporate the points outlined above in an attempt to respond to U.S. criticism.

Yoshio Nakamura

Administration Announces Proposed Revision to Export Administration Act

President Reagan last week asked Congress to review the Export Administration Act, due to expire in September, and proposed changes that would give the White House greater authority to restrict exports of strategically sensitive goods and technology. "Whereas the present act appears to place greater emphasis on exports, the Administration bill highlights the consequences of failing to prevent or delay the transfer of militarily sensitive technology," Undersecretary of Commerce Lionel Olmer told the House Foreign Affairs Subcommittee on International Economic Policy and Trade. He added, however, that the White House aims to liberalize strategic controls on less critical exports — in particular, types of equipment incorporating microprocessors — while tightening its clamp on the "top of the technology spectrum." There are some 100,000 less critical products for which export licenses may be denied, he pointed out, and felt that this is where liberalization efforts should focus.

Despite the congressional brouhaha concerning the alleged ineffectiveness of trade restrictions imposed after the Soviet invasion of Afghanistan and the declaration of marshal law in Poland, Mr. Olmer underscored the President's resolve that foreign policy controls remain an important instrument that can be used to exercise U.S. influence "by a means short of military action." "The success of sanctions should not be measured simply in terms of immediate modification of the undesirable behavior by the targeted country," he maintained. "Rather, foreign policy controls are also directed toward other significant objectives [such as] deterring future actions by the target country and deterring other countries from acting in a manner similar to the target country, [and] allowing the President to mobilize international support against the behavior of the target country." As a concession to the business community, which has been quite vocal on Capitol Hill in opposing such controls, the White House agreed to protect existing sales contracts, the terms of which require delivery within 270 days from the imposition of the controls, unless it is determined that the "overriding national interest" requires that such exports be prohibited.

The other key revisions include:

- Elimination of controls imposed on the export of certain specific commodities while maintaining the authority to reimpose short supply controls. This easing would remove the current ban on exports of Alaskan crude oil, which the White House contends remains restricted by other statutes.

- A mandate to undertake bilateral and multilateral negotiations to eliminate the foreign availability of comparable goods and technology. (Business has repeatedly

complained that their interests are being unduly compromised by the fact that target countries may often obtain comparable products elsewhere.) In the same vein, the proposal underscores the importance of negotiations with other COCOM nations to improve the control list and strengthen enforcement and cooperation with regard to restrictions on certain technologies and commodities.

• Prohibition of sales of sensitive technology or commodities to personnel stationed in foreign embassies in the United States who, at present, can skirt export restrictions by buying the goods here and sending them to their home countries through diplomatic channels.

• Authorization to ban U.S. imports from foreign corporations that violated COCOM restrictions.

• Strengthening enforcement of the Act by making it a crime to conspire to sell restricted goods and technology abroad. The Treasury would also be allowed to impound the proceeds of any illegal transactions.

Subcommittee chairman Don Bonker (D, Wash.) categorically denounced the administration's proposal, contending it appeared "based upon warfare against friend and foe alike." He charged that the continuing Presidential discretion to limit exports for foreign policy reasons is merely a "loophole" that contributes to the image of U.S. exporters as unreliable suppliers in foreign market. Moreover, by proposing to negotiate an end to the foreign availability of goods which the United States wants to control, the White House is "ignoring the realities of global technological interdependence and competition." Rep. Howard Wolpe (D, Mich.), chief sponsor of legislation that would uphold the ban on exports of Alaskan oil, objected strongly to the administration's removal of it from the short supply control section of the Act, warning Undersecretary Olmer that his bill had 163 cosponsors on it already, which is a fair indication of congressional sentiment on controlling exports of this particular resource. Mr. Bonker stated his intent to seek the support of the Foreign Affairs Committee and full House for a bill based upon a "more reasonable balance between economic and national security imperatives."

In view of the Bonker panel's tentative plan to mark up the measure by mid-May for consideration on the floor by late May, administration policymakers will no doubt be scrambling to affect a compromise acceptable to both defense hardliners in the Pentagon and legislators sympathetic to business concerns. Mr. Olmer must also present this bill before the Senate Banking Subcommittee on International Finance, the members of which appear to share similar concerns about how current law may be undermining U.S. business competitiveness in the dynamic high technology sector.

Barbara Wanner

Japan and the U.S.S.R. Exchange Words Over Defense

Soviet Foreign Minister Andre Gromyko's statement that Okinawa is a nuclear base aimed at the Soviet Union sparked sharp reaction in Japan. The statement was made at an April 2 press conference which was televised worldwide and was intended to justify the Soviet Union's rejection of President Reagan's nuclear arms reduction proposal. Mr. Gromyko specifically criticized the U.S. proposal to include reviews of Soviet intermediate-range nuclear missiles positioned in Asia. The foreign minister also made it clear that if an agreement is reached in negotiations on intermediate-range missiles, the Soviet Union will be ready to move part of its intermediate-range nuclear missiles presently located in Europe to Asia. Japan has been pressing the United States to obtain guarantees from the Soviet Union that it will not take this action.

Prime Minister Nakasone responded strongly to Mr. Gromyko's remarks about Okinawa. He sharply criticized the Soviet foreign minister, accusing him of gross distortions and saying the statement was "groundless with no factual backing." He reminded the public that since late Prime Minister Eisaku Sato negotiated the return of Okinawa to Japan from the United States in 1969 the Japanese government has adhered to its policy of banning nuclear arms from Japanese territory. The Prime Minister in addition expressed his displeasure that while talking about nuclear danger in Asia, the Soviet official omitted to mention China's nuclear arms. He also demanded that the Soviet Union acquire a better understanding of Japan's position on defense. Finally, he maintained that the government's policy is to strengthen the U.S.-Japan Security Treaty since Japan's security cannot be protected by an indecisive attitude.

In response to opposition parties' questions during a Diet hearing, the prime minister asserted that present world peace is preserved because of the nuclear deterrent. The opposition parties and other critics of the prime minister argue that a policy of arming against the Soviet Union will not guarantee peace.

In Moscow, Ambassador Takashima met with Prime Minister Nikolai Tikhonov to convey the Japanese government's criticism of the Gromyko statement on Okinawa. The Soviet prime minister reportedly avoided directly addressing the issue. In addition, the ambassador reiterated Japan's position on the northern territories question to which Mr. Tikhonov responded by repeating the official Soviet stand that no such issue exists between the two nations. The Soviet leader also strongly criticized Prime Minister Nakasone's tough defense posture and willingness to block straits of the Sea of Japan if a hostile force attempts to sail through them.

Nihon Keizai Shimbun likewise strongly criticized Foreign Minister Gromyko's statement. "During past several years, the Soviet Union has been taking every possible tactic to divide and shake the western alliance. The statement made by Mr. Gromyko this time is a part of this policy to manipulate the on-going nuclear arms reduction negotiations to the Soviet advantage. . . . The Soviets, on one hand, threatened Japan by implying nuclear attacks but, on the other hand, appealed to the Japan Socialist Party and the Democratic Socialist Party by hinting of a possible Soviet initiative in the security area. Using nuclear arms to threaten a neighboring country is itself unjustified and rude. In addition, Foreign Minister Gromyko totally ignored Japan's nuclear arms ban policy. Japan should be united without being intimidated by such tactics by Moscow and continue to appeal for the global reduction of SS-20 missiles."

The recent developments between Japan and the Soviet Union indicate not only an increase in bilateral tension but also raises questions within Japan about whether or to what degree Japan's defense build-up should be continued. It remains to be seen whether Prime Minister Nakasone's movement toward improving Japan's defensive capacity will win support from a majority of the public. In a recent newspaper poll, it was clear that opinion is still divided on Mr. Nakasone's defense policy. While the Liberal Democratic Party's supporters favor the general thrust of most of the prime minister's foreign policy, the general public has been increasingly critical of his stand on defense since he took office last fall.

Fumiko Mori

Japan's Fish Quota Cut

Tokyo's continued objection to the International Whaling Commission's (IWC) recent decision to ban all commercial whaling by 1985 has prompted Washington to withhold more than 100,000 tons of fish from the amount the Japanese may harvest from U.S. waters. James Shorer, director of the fisheries affairs office in the State Department's

Bureau of Oceans, Environment, and Science, announced that Japan's latest fishing allocation was cut from 286,000 tons to 183,000 tons effective April 1. "We are withholding [part of the allocation] pending a resolution of some problems with Japan and the whaling issue is an element of that," he stated. However, if there is progress on the whaling controversy, the State Department official added, Washington may well restore this allocation to its full level when it makes its final allocations for foreign fishing on July 1.

According to the U.S. Fisheries Conservation and Management Act, after U.S. authorities determine how much domestic fishermen can harvest during a given year, the excess resources are allocated among foreign fishing nations. The recently concluded U.S.-Japan Governing International Fisheries Agreement (GIFA) stipulates that Tokyo's future allocations are contingent on its compliance with the so-called "fish and chips" criteria, rooted in the concept of reciprocity (see JEI Report No. 2B, January 14, 1983 for background). Increased fishing privileges are thus linked with the fulfillment of the five "fish and chips" criteria: improved access of U.S. fish and fish products to foreign markets; greater efforts to aid American industry through harvesting/processing joint ventures; improved cooperation in enforcing U.S. fishing regulations; joint development of standard gear and harvesting and processing techniques; and improved research on fish resources.

The new GIFA also stipulates when the State Department is to release the surplus. Half of each year's allocation is to be made in January, with 25 percent more on April 1 and the remainder on July 1. In this way, the United States has two additional chances after the first installment to reduce a country's allotment for political purposes (as in the case of the whaling issue), or if a country fails to fully comply with the reciprocity criteria.

This latest reduction should come as no surprise. Earlier this year, State Department correspondence with Senator Bob Packwood (R, Ore.) indicated that the administration intended to use the GIFA allocations procedure in an attempt to bring Japan into compliance with the IWC's proclamation.

Barbara Wanner

Diet Passes National Budget

The House of Councillors (Upper House) approved an unamended budget for FY 1983 on April 4 by a vote of 124 to 98. The House of Representatives (Lower House) already voted 274 to 191 to pass the budget on March 8. The ¥50,379 billion ($212 billion at current exchange rates) budget enacted by the Diet represents an overall increase of only 1.4 percent over the FY 1982 budget. Actually, overall expenditures in FY 1983 will fall 3.1 percent, with the increase resulting from payments to cover FY 1982 budget items carried over because of the revenue shortfall. This austere budget, however, does include a 6.5-percent increase in defense spending that is balanced by a meager 0.6-percent increase in social welfare spending and a 0.9-percent decrease in education and science. Because of an anticipated decline in tax revenues, the government expects to issue public bonds of ¥13,345 billion ($56 million) — upping the ratio of debt financing to 26.5 percent — in order to finance the budget.

An income tax cut was the major issue raised during the budget deliberation in the Diet that remains unresolved. The Minister of Finance, Noboru Takashita, responded to requests for income tax cuts by the Chairman of the Budget Committee in the Upper House by promising that he will ask the Tax Advisory Council to study the scale and timing of an income tax cut as soon as possible.

Opposition parties expressed dissatisfaction with the FY 1983 budget which they were unable to modify. They particularly criticized the government for increasing defense spending at the sacrifice of social welfare and education. They were also concerned that the government had not included any strong measures to help economic recovery and had not taken decisive action on fiscal and administrative reforms. However, they believed that their strong pressure for an income tax cut had at least forced a government promise, and the opposition now intends to press for delivery of that promise.

After passage of the budget, the Ministry of Finance (MOF) announced its fiscal policies for 1983. The policies will stress economic stimulation in the first half of FY 1983, which will be achieved by accelerating expenditures for public works projects and, in the second half, will emphasize autonomous economic recovery. However, these policies might have to be amended since additional expenditures for government salary increases and for natural disaster relief are anticipated as well as a loss of revenue from income tax cuts. Therefore, it is inevitable that the government will submit a supplementary budget this fall. MOF has to decide whether to finance the supplemental budget by further cutting other expenditures, by issuing more public bonds or by increasing taxes.

Before the current session of the Diet ends May 26, debate will resume on various pending issues: an opposition demand for the resignation of former Prime Minister Kakuei Tanaka from the Diet; the question of transfer of military technology to the United States; and administrative reform. Prime Minister Yasuhiro Nakasone is expected to prioritize administrative reform, including a bill to restructure the debt-ridden Japanese National Railways. It is also possible that the prime minister will dissolve the Lower House if opposition parties oppose administrative reform strongly and then call a general election to by held simultaneously with the already pending Upper House election.

Yoshio Nakamura

Labor Conditions in Japan on the Eve of the Spring Wage Offensive

The Japanese Ministry of Labor recently released February's labor market statistics. Japanese unemployment stood at 2.7 percent for the second consecutive month — the highest level since 1953. In February, there were 55 million people employed in the workforce, nearly a 2-percent increase over the same month last year and 1.65 million people were listed as "totally unemployed", a 300,000 increase. The number of male workers increased by 1.2 percent while female workers increased 3.2 percent. The increase in female workers reflects a trend toward greater participation by women in the workforce, although most hold only part-time jobs. For the first time in eight months, job openings in the services industry declined by more than 4 percent. Declines in job openings were also seen in the construction, manufacturing, transportation and communications industries. Only the finance, insurance and real estate fields recorded substantial increases in job openings.

When the government increased its sample size from 30,000 to 40,000 workers in January, the unemployment figure jumped to 2.7 percent. Some Cabinet ministers wondered whether the new method was as valid, but the Economic Planning Agency (EPA), the Labor Ministry and the Office of the Prime Minister decided to retain it in future statistical surveys, concluding that it was a more accurate reflection of labor conditions.

The government also surveys the ratio of job openings to applicants who are registered at government employment agencies. In February, there were only 6 job openings for every 10 applicants. This represented a decline from January, the first in seven months. The survey is considered to be a key indicator of labor market conditions, even though there are many privately-run agencies which specialize in the placement of professional and white collar workers.

These figures are important because they will be used during the spring labor-management wage negotiations which will begin shortly. Four major labor unions had announced earlier that they would demand a 7-percent wage increase this spring, but since then they have changed their tactics and are now demanding only a 6-percent increase. The change was attributed to a tough stand by mangement, and some unions were reluctant to fight for an "unrealistic" figure, given the sluggish economy. The 6-percent increase applies only to routine annual wage increases and excludes merit raises and bonuses. The spring wage offensive will also include negotiations on working conditions and fringe benefits.

The figures are also important because if unemployment continues to be high, the Nakasone government and the Liberal Democratic Party might encounter serious political problems since polls suggest that the public is not satisfied with the prime minister's handling of economic issues. With the impending election, the Cabinet is seeking ways to defuse any such political problems. Therefore, in response to pressure to stimulate the domestic economy, the Cabinet has come up recently with a new set of economic measures (see JEI Report No. 13B, April 8, 1983).

Fumiko Mori

Notes

- U.S. cigarette exporters won a small victory last December when the Japanese government agreed to lower the tariff on cigarettes from 35 percent to 20 percent effective April 1, 1983 (see JEI Report No. 1B, January 7, 1983). This cut, subsequently approved by the Diet, should have reduced the ¥290 retail price of major American brands by ¥30 a pack and, at the same time, narrowed the price differential between imported and domestic cigarettes from ¥110 to ¥80. Now American cigarette companies are crying foul. On March 31 the Diet raised retail prices of leading Japanese brands by ¥20 a pack to ¥200, the first hike in domestic cigarettes in three years. It also tacked a ¥20-per-pack "surcharge" on imported cigarettes, with both increases going into effect May 1. U.S. manufacturers charge that this action, which limits the net price cut for foreign brands to ¥10 a pack, repudiates Prime Minister Nakasone's January promise that retail prices of American cigarettes would drop by the full amount of the tariff reduction.

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Trade and Payments Data
(in millions of dollars unless otherwise indicated)

	1981	1982	January-February 1982	January-February 1983	December 1982	January 1983	February 1983
Japan's Balance of Payments							
Trade Balance	$ 19,967	$ 18,191*	$ 417	$ 1,528*	$ 2,397*	$ -618*	$ 2,146*
Exports (f.o.b.)	149,522	137,651*	21,789	20,352*	12,429*	9,324*	11,028*
Imports (f.o.b.)	129,555	119,460*	21,372	18,824*	10,032*	9,942*	8,882*
Current Account Balance	4,770	6,896*	-1,899	-497*	1,706*	-1,444*	947*
Long-Term Capital (net)	-6,449	-15,007*	-3,098	-886*	-327*	-621*	-265*
Overall Balance	-2,144	-4,971	-3,870	-905	236	-2,218	1,313
International Reserves (end of period)	28,403	23,262	28,122	23,754	23,262	23,593	23,754
Japan's Customs Clearance Trade							
Trade Balance	8,741	6,900	-1,533	-273*	1,603	-1,698	1,425*
Exports (f.o.b.)	152,030	138,831	21,973	20,257*	12,583	9,227	11,030*
Cars	18,445	18,015	2,918	3,243*	1,549	1,623*	1,620*
Steel	16,669	15,645	2,430	1,821*	1,245	853*	968*
Imports (c.i.f.)	143,290	131,931	23,506	20,529*	10,980	10,925	9,604*
Crude Oil	53,343	46,274	9,086	7,698*	4,048	4,181*	3,517*
Japan-U.S. Trade							
Trade Balance	13,312	12,151	1,762	1,705*	958	604	1,101*
Exports (f.o.b.)	38,609	36,330	5,812	5,349*	3,009	2,525	2,824*
Imports (c.i.f.)	25,297	24,179	4,050	3,644*	2,051	1,921	1,723*
Yen-Dollar Exchange Rate							
Tokyo Spot Market (end of period)	¥219.90	¥235.00	---	---	¥235.00	¥237.90	¥235.40
U.S.-Japan Trade							
Trade Balance	-15,789	-16,778	-2,937	-2,823	-683	-1,352	-1,471
Exports (f.a.s.)	21,823	20,966	3,492	3,025	1,803	1,601	1,424
Industrial Supplies	8,983	9,173	1,655	1,296	745	714	582
Food and Feed	5,896	4,971	700	753	389	373	380
Capital Goods	4,767	4,434	746	608	392	321	287
Consumer Goods	1,318	1,356	209	213	107	106	107
Imports (f.a.s.)	37,612	37,744	6,428	5,848	2,486	2,953	2,895
Automotive Products	12,950	12,890	2,130	2,187	910	1,101	1,086
Industrial Supplies	7,179	6,795	1,369	805	344	407	398
Consumer Goods	8,340	7,842	1,301	1,158	521	607	551
Capital Goods	8,589	9,530	1,514	1,600	669	790	810

*Preliminary

Japanese Economic Indicators

(percentage change from year-earlier period unless otherwise indicated)

	1981	1982	January 1982	January 1983	November 1982	December 1982	January 1983
Discount Rate (end of period)	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Outstanding Money Supply	8.9%	9.2%	10.7%	7.7%	8.0%	7.9%	7.7%
Industrial Production	2.0%	-0.4%	2.7%	-1.7%	-1.4%	-2.0%	-1.7%
Manufacturing Operating Rate	-4.6%	-2.9%	0.4%	n.a.	-4.0%	-4.9%	n.a.
Number of Bankruptcies	-1.5%	-2.8%	-5.7%	1.1%	-2.5%	-2.2%	1.1%
Residential Construction Starts	-9.2%	-0.5%	-2.2%	20.7%	13.6%	2.1%	20.7%
Job Openings to Applications (ratio)	0.68	0.61	0.66	0.60	0.60	0.60	0.60
Nominal Wages	5.3%	4.8%	4.8%	5.9%	5.4%	2.3%	5.9%
Labor Productivity	3.5%	n.a.	3.0%	n.a.	-0.4%	n.a.	n.a.
Wholesale Prices	1.4%	1.8%	1.9%	-0.1%	2.0%	0.9%	-0.1%
Consumer Prices	4.9%	2.7%	3.3%	2.0%	2.3%	1.8%	2.0%
Yen-Based Export Prices	1.2%	3.9%	6.7%	-3.5%	2.8%	-0.1%	-3.5%
Yen-Based Import Prices	1.6%	7.9%	7.8%	2.6%	11.4%	7.6%	2.6%

*Preliminary

For Japan's most recent GNP data, see JEI Report No. 11B, March 25, 1983.